

July 19, 2004

QUOTE OF THE WEEK

"Nations crumble from within when the citizenry asks of government those things which the citizenry might better provide for itself. ...[I] hope we have once again reminded people that man is not free unless government is limited. There's a clear cause and effect here that is as neat and predictable as a law of physics: As government expands, liberty contracts." -- Ronald Reagan (1911-2004) 40th U.S. President

UNDER THE DOME

Budget Kudos

I want to give a high five to California's local governments. The state budget fight has come down to the question of whether the state should be able to rip off local government revenue easily, as it has done to the tune of more than \$44 billion in the last decade. Local governments have always objected to this, but they just as routinely caved in. This year is different. Republican and Democrat Mayors are standing together telling the Governor to stick with his deal with them and telling legislators to get the message to stop the bleeding. With so many legislators coming out of local government work one would think this message would be an easy sell. But Sacramento fever is a terrible disease. It captures otherwise common sense legislators and allows them to say silly things like: "cities are greedy" and "in times of crisis, the state needs local governments to contribute to the cuts."

Credit goes to local government leaders for taking a stand and not backing down. If the legislature wants to continue to have the unbridled power to take property taxes away from local governments, then they are going to have to roll over the cities and counties to get there.

What Makes Politicians Drool?

Getting their name in the media. The old adage says we do not mind if the story is negative so long as our name is spelled correctly. Senator Chuck Poochigian can celebrate over his great media victory last week. In light of the debate over local government funding, Senator Poochigian issued a news release. In it, he detailed: 1) the original local government agreement with the Governor, 2) the compromise that local government leaders agreed to once the Democrats in the legislature made clear they would not support the original agreement, and 3) the contents of the local government funding bill approved by committee last Thursday without the support of any Republicans or the local government representatives. Sacramento Bee columnist Daniel Weintraub published Poochigian's release in his weblog. Applause is due to the Senator

for writing something so clear that it is worthy of reprint. To see it yourself and gain greater insight into the local government financing fiasco, see <http://www.sacbee.com/static/weblogs/insider/archives/poochlocal.pdf>

*****Cost of Government Trend Worrying*****

Kudos to the Howard Jarvis Taxpayers for forwarding an Americans for Tax Reform study which pegged this year's Cost of Government Day at July 11 -- 4.5 days later than the 2002 calculations. The group defines the day as "the date of the calendar year, counting from January 1, on which the average American has earned enough in cumulative gross income to pay for their share of government spending (total federal, state, and local), plus the cost of regulation." This means that working Americans contribute 193 days' salary per year just to pay for government.

One disturbing trend in the report is that government spending is now increasing faster than the rate of national income. This means more days toiling for government, a worsening federal budget deficit, and unrestrained state spending.

The full report can be found here: <http://www.atr.org/pdffiles/2003cogd.pdf>

*****Press Praise*****

Sadly, in modern day America it is rare to see a reasoned approach to the free market in mainstream media. Sacramento Bee columnist Daniel Weintraub has done it in his argument against Assemblywoman Carol Liu's A.B. 1829, which would essentially ban the state from contracting with companies that provide goods and services from other countries. Liu says that state and local tax dollar ought not to support outsourcing when there are Californians out of work. Weintraub's retort is spot-on: "That sounds good, but Liu has got it wrong. California's government should not be in the business of creating and protecting public-service jobs. It should be in the business of providing services to the residents of the state, in the best and most cost-efficient manner possible. If that means using state employees, fine. But if it means using workers located elsewhere, that option should also be available." Weintraub's conclusion captures the vision that is often lost in the short-term thinking that dominates the Capitol these days. He writes, "There is nothing more forward-looking than a policy that sees the entire world engaged in free, open and competitive commerce, improving everyone's well-being by encouraging each of us to maximize our potential while letting others do what we cannot or should not be doing ourselves."

*****Kennedy on Taxes*****

Bill Federer, a candidate for Congress in St. Louis, Missouri, has taken the time to compile a list of quotes worth considering. They are all statements by President John F. Kennedy about taxes. Reading them reminds me just how far this country has shifted in

the last 40 years. JFK was a Democrat, but looking at these statements, I am forced to wonder if he would fit into the Democrat party of 2004. Consider these two:

“A tax cut means higher family income and higher business profits and a balanced Federal budget. Every taxpayer and his family will have more money left over after taxes for a new car, a new home, new conveniences, education, and investment. Every businessman can keep a higher percentage of his profits in his cash register or put it to work expanding or improving his business, and as the national income grows, the Federal Government will ultimately end up with more revenues.” - John F. Kennedy, September 18, 1963, Radio & Television Address to the Nation on the Tax Reduction Bill

"The present tax codes... inhibit the mobility and formation of capital, add complexities and inequities which undermine the morale of the taxpayer, and make tax avoidance rather than market factors a prime consideration in too many economic decisions." - John F. Kennedy, January 23, 1963, Special Message to Congress on Tax Reduction and Reform.

Visit this link to see all the quotes: <http://federer04.com/cgi-data/news/files/8.shtml>

ISSUE FOCUS

Citizenship Test 3

Those of us who are political junkies find it inconceivable that there are people who cannot name their elected officials. We are baffled by people who neglect to cast ballots, and we are stunned that people cannot remember the basics of U.S. government that they were taught in high school. However, there are many out there who do not know about and who do not seem to care about public life. People applying for U.S. citizenship are required to demonstrate a grasp of civics that often eludes people who were born here. How do you fare on this week's questions?

13. Who was the first President of the United States?

14. Who is the President of the United States today?

15. Who is the Vice-President of the United States today?

16. Who elected the President of the United States?

17. Who becomes President of the United States if the President should die?

18. For how long do we elect the President?

BOE AND LEGISLATIVE DATES

July 31, 2004 --- Second quarterly Sales and Use Tax payment due

August 2, 2004 --- Legislature reconvenes

August 13, 2004 --- Last day for legislative fiscal committees to meet and report bills to the floor

August 16-31, 2004 --- Floor sessions only; no committee may meet for any purpose

August 24, 2004 --- BOE meets in Sacramento

NOTABLE DATES/ HISTORY

July 19, 1848 -- First women's rights convention was held (Seneca Falls, NY) .

July 19, 1880 --- San Francisco Public Library started lending books.

July 19, 1985 --- Christa McAuliffe was chosen to be the first schoolteacher to fly the Space Shuttle.

July 20, 1868 --- First use of tax stamps on cigarettes.

July 20, 1944 --- President Franklin Delano Roosevelt was nominated for an unprecedented fourth term at the Democrat convention.

July 21, 1846 --- Mormons founded the first Anglo-American settlement in California (located in the San Joaquin Valley).

July 21, 1861 --- First major battle of Civil War (Bull Run) ended with a victory for the South.

July 22, 1916 --- Bombing at “Preparedness Day” parade in San Francisco killed 10 and injured 41. The intent of “Preparedness Day” was to encourage support for the U.S. to enter World War I.

July 22, 1942 --- Gas rationing began along the Atlantic coast of the U.S. to help the American war effort during World War II.

July 22, 1943 --- U.S. General George S. Patton led American troops to capture Palermo, Sicily, during WWII.

July 22, 1975 --- The House of Representatives approved a measure to restore the U.S. citizenship of Robert E. Lee, Confederate General during the Civil War.

July 22, 1994 --- O.J. Simpson pleaded not guilty to murdering his ex-wife, Nicole, and her friend, Ronald Goldman.

July 23, 1852 --- First interment in U.S. National Cemetery at San Francisco's Presidio.

July 24, 1824 --- The Harrisburg Pennsylvanian newspaper published the results of first public opinion poll indicating a clear lead for Andrew Jackson.

July 24, 1847 --- Brigham Young and members of the Church of Jesus Christ of Latter-day Saints arrived in the Salt Lake Valley.

July 24, 1974 --- The Supreme Court unanimously ruled that President Nixon must turn over Watergate tapes.

July 24, 1987 --- Hulda Crooks of Loma Linda, California, at 91 years of age, climbed Mt. Fuji. Hulda became the oldest person to climb Japan's highest peak. For her numerous climbs of Mt. Whitney in California Congressman Jerry Lewis was able to get the U.S. Forest Service to place a marker in her honor on the peak.

July 25, 1918 --- Californian Annette Adams was sworn in as the first female U.S. Attorney

July 25, 1956 --- The Italian cruise ship Andrea Doria collided with the MS Stockholm & sank off the coast of Cape Cod, leaving 52 people dead.

July 25, 1967 --- Construction began on San Francisco's Municipal Metro (Market Street subway).

GENERAL TAX INFORMATION

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115
TDD service for the hearing impaired
TDD phones: 800-735-2929
Voice phones: 800-735-2922

To reach the Taxpayer Rights Advocate's office for assistance with any BOE issues, see <http://www.boe.ca.gov/tra/tra.htm>, or call toll-free 1-888-324-2798.

HOW TO CONTACT ME

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